

Macromedia Inc.

Reaping Benefits from Globalization

An IDC Case Study

Sponsored by eTranslate, Inc.

Macromedia is a leading developer of Web publishing software and ebusiness solutions. Enterprises and professional Web developers use Macromedia products and solutions to manage all phases of the Web content life cycle. Online publishing software accounts for 83% of the company's sales. Macromedia, whose products are localized in up to eight languages, states that 75% of all professional Web developers use one or more of its products. In 1996, with 50% of its sales coming from outside of North America, the company realized that to hold and build international revenues, it had to globalize its Web site. Starting with the localization of its Japanese Web site, Macromedia now has 12 globalized international sites. In 1999, the company began offering electronic software distribution (ESD) from its globalized sites. In addition to the many qualitative benefits that globalization has brought, such as allowing the company to build a world development community, it has significantly cut printing and distribution costs. In 1998, for example, the company eliminated direct mailings for its international seminar, Mediawave, and saved over \$126,000.

Background

Macromedia delivers products and solutions that enable customers to create engaging and effective next-generation Web sites. AOL, Apple Computer, and Microsoft have bundled the Macromedia Shockwave and/or Flash Players with their products. The company also makes interactive learning products and is gearing up for a run at the consumer entertainment Web-site market. In the first quarter of fiscal 2000, Macromedia unveiled **shockwave.com**, an Internet entertainment destination site that features games, music, and animation. In its most recent fiscal year ending March 2000, Macromedia generated \$265 million in revenue and employed 1,000 people.

Business Challenge

Formed in 1992 by the merger of Authorware and MacroMind-Paracomp, Macromedia launched its corporate Web site in 1995. A lot of Macromedia's Web traffic comes from the download of trial version software and players, most notably Macromedia Dreamweaver, Macro-

“If you are in the software or Internet market, you don’t have a choice but to globalize. About one-half of your potential market is outside the U.S. If you don’t globalize, you are leaving one-half of your money on the table.”

*Mary Ann Walsh
Vice President and Executive Producer
Macromedia*

“Our customers are in the business of producing Web sites. Our Web site, as a result, is integral to what they are doing. They use our Web site as a way to find information, download software, buy products, and share product extensions they have built to our products. It’s really at the core of our business model.”

Mary Ann Walsh

media Flash Player, and Shockwave Player. People visit the site to learn about Web development and download trial version software. Proof of the popularity of Macromedia Flash is evident from Macromedia Flash Player’s 222 million users and 1.4 million downloads daily according to Macromedia.

Although the company had been translating its software into other languages for some time, non-native English speaking customers and potential customers had to go to the U.S. **macromedia.com** site to learn about new products, download software, and get online support. With sales outside of North America accounting for close to 50% of revenue, it became clear to Macromedia that it had to provide international localized Web sites. “If you are in the software or Internet market, you don’t have a choice but to globalize,” says Mary Ann Walsh, Macromedia’s vice president and executive producer. “About one-half of your potential market is outside the U.S. If you don’t globalize, you are leaving one-half of your money on the table.”

Japan, for example, accounted for a significant percentage of the company’s revenue. Prior to Asia’s economic downturn a few years ago, Macromedia derived 50% of its revenues from North America and 50% from the rest of world (ROW). Japan accounted for 50% of the ROW segment. Director, a product that allows developers to create multimedia content, was particularly popular in Japan, where cartoons and animation are an important feature of everyday life. Even though Japan accounted for the majority of non-U.S. Web traffic and revenues, Japanese users could not easily use English content. So, Macromedia localized the Japanese site in 1996.

About three years ago, Macromedia refocused its strategy and decided to concentrate on the Web. Traditional multimedia markets didn’t have the growth potential that the Web did.

The **macromedia.com** site shows customers how to use Macromedia products. In addition to being a storefront, the Web site also acts as the face of the company to many of Macromedia’s customers. Walsh comments on its importance to the company: “Our customers are in the business of producing Web sites. Our Web site, as a result, is integral to what they are doing. They use our Web site as a way to find information, download software, buy products, and share product extensions they have built to our products. It’s really at the core of our business model.”

In 1997, the company localized its French, German, and Canadian Web sites. At the same time, Macromedia was formulating its new Web strategy and wanted to go beyond just translating the U.S. sites.

Copyright © 2000 IDC. **Reproduction without written permission is completely forbidden.**

External Publication of IDC Information and Data—Any IDC information that is to be used in advertising, press releases, or promotional materials requires prior written approval from the appropriate IDC Vice President or Country Manager. A draft of the proposed document should accompany any such request. IDC reserves the right to deny approval of external usage for any reason.

Printed on
recycled
materials



The new emphasis focused on creating regional sites that would communicate with and sell directly to international customers from the Macromedia Web site. Although Macromedia still translates a large amount of U.S. content into other languages, the primary goal of the international regional sites is to provide relevant content in the local language, allow direct communication between the regional offices and customers, and sell the right product, including localized products, to the customer from the Web. Today, 12 international Macromedia Web sites are localized.

In 1998, Macromedia started selling the English version of its ESD product in the U.S. and Canada only. Early on, the company discussed whether it should open up ESD to international regions and how to do it. The only way that an international customer could buy a product was through a reseller, which obtained the product from a distributor. The company was not set up to sell to an international end user. In a number of regions, technical support and marketing were done only through a distributor. The distributor and reseller were responsible for setting the final price in the market.

Although there were reasons why selling ESD internationally might not work, Macromedia decided to try selling its English product with U.S. dollar payment only. Surprisingly, it found that the percentage of sales from international ESD equaled the percentage that would have come from conventional international channels. Two quarters ago, the company started offering a localized ESD product with localized payment options.

Walsh reflects on the decision: "Our fear was that if we opened up ESD to the international market, it would cannibalize our traditional distributor model in those regions. That has not happened. Our overall sales into the regions have increased. Offering a localized product a couple of quarters ago gave us an immediate jump in those regions that were language sensitive."

"One of the things that is so different about the Web is that it gives you freedom to experiment. If you make a mistake, you can change it pretty quickly. You can experiment, see how things work, check the facts, and make improvements based on those facts. It's a very liberating environment."

Mary Ann Walsh

Walsh comments on the liberating benefits of experimenting with Web ecommerce. "One of the things that is so different about the Web is that it gives you freedom to experiment. If you make a mistake, you can change it pretty quickly. You can experiment, see how things work, check the facts, and make improvements based on those facts. It's a very liberating environment."

After Globalization

To accomplish its goals, Macromedia has taken a hybrid approach to globalizing its international Web sites. It translates some content from the U.S. site but prioritizes what will be translated rather than translating every word. For example, if it determines the content means something to someone in Latin America, then it will translate the content; if not, it doesn't. In addition to content translated from the U.S. site, the international Web sites also have customized content that's relevant

within the region. A customer visiting the U.K. site, for example, may see a headline about a seminar in Birmingham. The front page of the German site may announce that Director 8 is available in German and is ready for download from the site.

When it started localizing Web content in 1996, the company had a tiny Web team. One person on the team translated material from English into Japanese. The company used this approach for the first couple of years but then adopted a modified software localization model for translating its international sites. Now, individual contractors or small contractor teams do the translations under the direction of international Web team members in the United States. Localization contractors may be located in the local country or in the United States, depending on where the required language skills can be found. Macromedia works closely with its software product localization group and shares knowledge of translators and translation houses. The corporate Macromedia Web team provides the funding for the Web site localization.

Customizing, or providing content for the international localized Web sites, is the responsibility of the local countries. Macromedia has a “distributed publishing” model — responsibility for the development of content is to be as close as possible to the customer. Macromedia notes that its international offices are generally sales offices that don’t have large marketing or content development teams, so this approach requires a serious commitment from the international offices.

“It is very important that a region wants a localized site. If a region doesn’t push for it, it probably won’t be a successful site. They are the ones who ultimately have to contribute to it, keep it up to date, bring it to life. We try not to be the one to initiate it. The region should come to us.”

*Ulrich Paulin
International Web Manager
Macromedia*

Regarding the decision to customize a site, Ulrich Paulin, Macromedia’s international Web manager, states: “It is very important that a region wants a localized site. If a region doesn’t push for it, it probably won’t be a successful site. They are the ones who ultimately have to contribute to it, keep it up to date, bring it to life. We try not to be the one to initiate it. The region should come to us.”

The international Web team in the United States consists of five international Web developers, each of whom has responsibility for two or three sites. They are in charge of working with a region to get local content, managing the translation process, posting the localized pages, and doing the technical and creative work that’s required to maintain the international sites.

One of the two Japanese team members is located in Japan, and a Web developer in the U.K. office covers the U.K. and Swedish sites. Paulin comments on a centralized staff model versus satellite models: “Unless everything is residing within the same technical infrastructure, you will have a hard time leveraging your one-to-one marketing systems, your ecommerce systems, and all your back-end systems. If your goal is to do one-to-one marketing and ecommerce from the Web, you have to have close integration of your international sites.”

And, on the importance of timing to building localized international sites, Paulin observes: “Timing is critical. Companies that don’t devel-

op their international sites at the right time take the risk that the regions will go off and do their own thing. It's a lot harder to come back two years later, reintegrate, and reel them back in than to catch that point in time where some of the regions might not even realize the potential, and others may be on the verge of doing their own thing.”

Benefits of Globalization

Macromedia can point to a number of quantitative and qualitative benefits of globalizing its Web sites. These benefits include:

- **Overall revenue of the company by region.** Ultimately, the Web site is one of the vehicles for communicating with customers. Today, 59% of Macromedia's revenues come from North American sales, and 41% are from international sales.
- **ESD revenue.** The company reported a 50% increase in international ESD sales between the second quarter of 1999, when it introduced its localized ESD product, and the third quarter of 1999.
- **Traffic on the sites.** Macromedia tries not to overemphasize the absolute number of page views per regional site because some sites are not as deep as others. International customers also continue to visit the U.S. Macromedia site, which gets about 2.5 million page views per day, but it is impossible to know their country of origin. For example, the U.K. site shares all product information with the U.S. site because that information is already in English. The Japanese site, which has the deepest content (the Japanese site is the only site to have customized technical support pages), receives three million page views per month. France and Germany are the next highest in traffic (and next deepest in content) with 600,000 page views per month each. Page views for other countries and regions, ranked in order, are Brazil, Italy, United Kingdom, Latin America, Asia/Pacific, Canada, and Sweden.
- **Savings on print and distribution costs, particularly promotional materials and conference registrations.** Having a localized site in the Asia/Pacific region, for example, means that Macromedia is doing more online promotion and printing less collateral. From the Web site, the company can identify customers who might qualify for promotions and target them directly through email. In 1998, Mediawave, a seminar that educates and trains developers about Macromedia products, toured Canada, Europe, Asia/Pacific, and Latin America. The biggest expenditure associated with Mediawave were direct mailings. In Europe, Asia/Pacific, and Latin America there was a savings of more than \$126,000 from not using direct mail promotion. A registration form for the event appeared on the localized Web sites. Automatic registration created a confirmation email to the local administrative office so they knew how many people are attending the event. Based on the suc-

cess of Mediawave, Macromedia now uses this approach for all major company events.

Walsh acknowledges that the company has not done a detailed quantification of return on investment on its globalization strategy; however, some of it seems self-evident: “It takes a lot of effort to quantify these things. Sometimes you have to trust your instincts. We are a Web company. Whatever we do anywhere in the company, we take the attitude Web first. The Web is at the center of our business model. It’s so important for us to use the Web well; it’s not as if we have a choice. Relying solely on printed collateral versus doing it on the Web is not an option. We are going to go for the Web.”

Among the qualitative benefits of having a multilingual Web-site strategy are communication and sharing of expertise among Macromedia’s customer base. Web developers and multimedia developers have an insatiable hunger for seeing what other people are developing with Macromedia’s products. One of the most popular areas of the sites are the various “galleries” on the regional and U.S. sites where Macromedia showcases customers’ work based on what the company considers the best use of its products. These gallery areas on all the sites get an enormous amount of traffic. “It’s like the early days of computer graphics. Over time, as people get better using the tools, you see a rapid increase in the aesthetic quality of what they produce,” says Walsh. “Customers can come and see what’s being done with Macromedia products in different countries. It’s really building that notion of a global community of Macromedia customers.”

Each of the regional sites has a feedback mechanism and a news group so customers can communicate with one another and with the regional office. The Web has collapsed geographical distance, so the feedback from the U.K. site immediately goes to the U.K. office. Paulin observes: “With a multilingual strategy, you don’t have to worry about time zone differences. You get the benefit of centralized infrastructure with the immediacy of local communication.”

Macromedia is astonished at the number of people who make the trip to its Macromedia international user conferences from different parts of the world. The one thing they tell Macromedia when they visit the conference is that having a multilingual Web strategy makes the company more globally aware. People in the regions are much more involved. They are taking more ownership and interest in what is going on with the Web site.

Lessons Learned and Future Directions

Macromedia offers the following advice to companies that are embarking on a globalization strategy:

- **Take an incremental approach to localizing Web sites.** It won’t be perfect. Pick one country or one other language first, and localize

that site before taking a wholesale approach. Once you start giving customers international content, it is very difficult to pull back. Be judicious about which languages you choose to do first.

- **Be aware of the user experience.** A lot of companies make the mistake of being U.S.-centric in their thinking. Be aware that a customer who comes to your home page from another country may not know the meaning of the English phrases “other regions” or “choose another country.” They may never open the drop-down menu to find your localized sites. In addition, make sure that you don’t put mixed-language content on the same page. Imagine how unsettling it would be for you to visit an English language site and find sentences and phrases in another language embedded in the English content.
- **Let the user have control over the navigation and over his or her experience on the Web site.** For example, Macromedia sometimes links to English content on its U.S. site from the localized European sites. However, it’s made very clear to the viewer that the linked content will be in English. Don’t assume that just because the user has a German browser, for example, that he or she wants to read everything in German.
- **The international world is complicated enough, try to simplify it if you can.** Macromedia, for example, doesn’t localize U.S. content into U.K. English, although it does produce customized U.K. content in U.K. English. For translation, it uses universal Spanish for Latin America and Spain and the same version of French for the French and French Canadian sites.

Japan is the only site that has localized technical support pages. European customers tend to visit the U.S. site for technical support because it has the most up-to-date information, and international customers feel that technical accuracy can sometimes be lost in translation. Even if Macromedia localizes Web-based technical support information in the future, it will always provide the international customers the option of going to the U.S. site.

- **Forge partnerships with colleagues who manage the product localization process, if your company has such a group.** Leverage what they have done for product localization, and take advantage of the relationships that they’ve built with localization companies.

NORTH AMERICA

Corporate Headquarters

5 Speen Street
Framingham, MA 01701
508-872-8200

IDC Canada

36 Toronto Street, Suite 950
Toronto, Ontario
Canada M5C2C5
416-369-0033

IDC Irvine

18831 Von Karmen Ave, Ste 200
Irvine, CA 92612
949-250-1960

IDC Mt. View

2131 Landings Drive
Mountain View, CA 94043
650-691-0500

IDC New Jersey

120 Wood Ave South, Suite 509
Iselin, NJ 08830
732-632-9222

IDC New York

2 Park Avenue
Suite 1505
New York, NY 10016
212-726-0900

IDC Texas

100 Congress Ave, Suite 2000
Austin, TX 78701
512-469-6333

IDC Washington

8304 Professional Hill Drive
Fairfax, VA 22031
703-280-5161

ASIA/PACIFIC

IDC Asia/Pacific (Hong Kong)

12/Floor, St. John's Building
33 Garden Road
Central, Hong Kong
852-2530-3831

IDC Asia/Pacific (Singapore)

71 Bencoolen Street, #02-01
Singapore 189643
65-226-0330

IDC Australia

Level 4, 76 Berry Street
North Sydney
NSW 2060, Australia
61-2-9922-5300

IDC China

Rm.610-612 Time Square
No. 88 Xi Chang'an Avenue
Xicheng District
Beijing 100031
China PRC
86-10-6833-1179

IDC India Ltd.

Cyber House
35 (4 Bays)
Echelon Institutional
Sector 32 Gurgaon 122002
Haryana, India
91-124-381673

IDC Japan

10F The Itoyama Tower
3-7-18, Mita Minato-ku
Tokyo 108-0073, Japan
81-3-5440-3400

IDC Korea Ltd

13th Floor, Textile Center
944-31, Daechi-3Dong
Kangnam-Ku
Seoul, 135-713 Korea
82-2-528-5100

IDC Malaysia

Suite 23.1 23rd Floor Menara Genesis
33 Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
60-3-244-3715

IDC New Zealand

Level 7, 246 Queen Street
Auckland, New Zealand
64-9-309-8252

IDC Philippines

7F, SEDCCO 1Bldg
Rada Street Corner
Legaspi Street
Legaspi Village
Makati City, Philippines
632-750-9477

IDC Taiwan Ltd.

10F, 31
Jen-Ai Rd, Sec 4,
Taipei 106, Taiwan, R.O.C.
886-2-2731-7288

IDC Thailand

27 Soi Charoen Nakorn 14
Charoen Nakorn Road, Klongtongsa
Klongsan Bangkok 10600, Thailand
66-2-439-4591-2

IDC Vietnam

37 Ton Duc Thang Street
Unit 1606
District-1 Hochiminh City Vietnam
84-8-910-1235

EUROPE, MIDDLE EAST, AND AFRICA

IDC Austria

c/o Loisel, Spiel, Zach Consulting
Mayerhofgasse 6
A-1040 Vienna, Austria
43-1-50-50-900

IDC Benelux (Belgium)

29 Avenue Louis Gribaumont
B-1150, Brussels, Belgium
32-2-779-46-04

IDC Benelux (The Netherlands)

A. Folkweg 1
1059 CM Amsterdam
The Netherlands
31-20-669-2721

IDC Central Europe (ECE)

Male Namesti 13
Praha 1 110 00, Czech Republic
420-2-2161-2260

IDC Central Europe (Germany)

Westerbachstr. 23A
61476 Kronberg/Ts., Germany
49-6173-7098-0

IDC Central Europe (Switzerland)

WTC, Leutschenbachstrasse 95
CH-8050 Zürich, Switzerland
41-1-308-3619

IDC Egypt

39 Iraq Street
Mohandesseen, Cairo, Egypt
20-2-336-7355

IDC France

Immeuble La Fayette
2, Place des Vosges, Cedex 65
92051 Paris la Defense 5, France
33-14-904-8000

IDC Hungary

Bajcsy-Zsilinszky út. 57
Building 3, Rooms 103-104
H-1065 Budapest, Hungary
36-1-153-0555/ext. 165, 166

IDC Israel

4 Gershon Street
Tel Aviv 67017, Israel
91-124-381-673

IDC Italy

Viale Monza, 14
20127 Milano, Italy
390-2-284-571

IDC Nigeria

House 2, 'C' Close
403 Road, 4th Avenue
New Extension, Festac Town
Lagos, Nigeria
234-1-883585

IDC Nordic (Denmark)

Jagtvej 169B
DK-2100 Copenhagen, Denmark
45-39-162222

IDC Nordic (Finland)

Jarrumiehenkatu 2
FIN-00520
Helsinki, Finland
358-9-8770-466
972-3-561-1660

IDC Nordic (Sweden)

Box 1096 Kistagängen 21
S-164 25 Kista, Sweden
46-8-751-0415

IDC Poland/ProMarket

Wrobla 43
02-736 Warsaw, Poland
48-22-644-4105

IDC Portugal

c/o Ponto de Convergencia S.A.
Rua Leopoldo de Almeida 4A
1750 Lisbon, Portugal
351-1-758-3126

IDC Russia

c/o PX Post, RDS 186
Ulitsa Zorge 10
Moscow 125525
Russian Federation
7-501-929-9959

IDC South Africa

c/o BMI-TechKnowledge
3rd Floor, 356 Rivonia Blvd.
PO Box 4603, Rivonia, 2128
South Africa
27-11-803-6412

IDC Turkey

Tevfik Erdonmez Sok. 2/1 Gul Apt.
Kat 9D; 46 Esentepe
Istanbul, Turkey
90-212-275-0995

IDC U.K.

6 Dukes Gate, Acton Lane
Chiswick, London W4 5DX
United Kingdom
44-181-987-7100

IDC U.K.

2 Bath Road
Chiswick, London W4 1LN
United Kingdom
44-181-987-7100

LATIN AMERICA

IDC Miami

Latin America Headquarters
5301 Blue Lagoon Drive, Suite 490
Miami, FL 33126
305-267-2616

IDC Argentina

Trends Consulting
Rivadavia 413, 4th Floor, Suite 6
C1002AAC, Buenos Aires, Argentina
54-11-4343-8899

IDC Brasil

Alameda Ribeirão Preto, 130 cj 41
01331-000 São Paulo
SP Brazil
55-11-253-7869

International Data Corp. Chile

Luis Thayer Ojeda 166 Piso 12
Providencia, Santiago 9, Chile
56-2-231-0111

IDC Colombia

Carrera 40 # 103-78
Bogota, Colombia
571-533-2326

IDC Mexico

Select - IDC
Av. Nuevo Leon No. 54 Desp. 501
Col. Hipodromo, Condesa
C.P. 06100 Mexico, D.F.
52-5-256-1426

IDC Venezuela

Trends Consultores
Av. Francisco de Miranda
Centro Perú, Torre A, Piso 9
Of. 91, Chacao 1060
Caracas, Venezuela
58-2-261-0352

IDC delivers accurate, relevant, and high-impact data and insight on information technology to help organizations make sound business and technology decisions. IDC forecasts worldwide IT markets and adoption and technology trends, and analyzes IT products and vendors, using a combination of rigorous primary research and in-depth competitive analysis. IDC is committed to providing global research with local content through more than 500 analysts in more than 40 countries worldwide. IDC's customers comprise the world's leading IT suppliers, IT organizations, and the financial community. Additional information on IDC can be found on its Web site at <http://www.idc.com>.

IDC is a division of IDG, the world's leading IT media, research, and exposition company.